

Agency Banking Framework - Guidance Manual

Exhibit 3

In the interests of efficient cash management, each Agency is expected to regularly review all its accounts with a view to rationalisation and efficiency, and satisfy itself of the continuing operational need for those accounts. Minimising the number of separate accounts supports administrative efficiency in transaction and reconciliation processes, contains bank fees and charges, and facilitates better cash management.

In accordance with Australian Government policy covering administrative arrangements for Australian representation overseas, bank accounts maintained by the Department of Foreign Affairs and Trade (DFAT) at overseas posts are expected to continue to provide the basis for effecting payments and collecting receipts for DFAT and other Agencies under third party arrangements. Consolidation of accounts under overseas administrative arrangements provides cash management advantages to the Australian Government independent of any changes introduced in agency banking generally.

Sub Accounts

Agencies may consider using sub accounts, i.e. an internal split of accounts under a main account, to manage transactions. These are not recognised as separate accounts by the transactional banker, who reports on the main account. They are accounts, which are split in a system whereby cheques and serial numbers (payments and receipt references) can be specified as belonging to particular sub accounts, and therefore reported as such.

Separate Accounts

Separate bank accounts below the head account can also provide a means to partition transactions that need to be separated for accounting or reconciliation purposes. Where these are established, Agencies are responsible for moving funds between the head accounts and other separate accounts and would incur the additional transaction costs and account keeping charges involved. Therefore, it is suggested that any separate account structures be maintained within Agencies' general ledgers, not as separate accounts at their transactional bank.

However, provided the core protocols are satisfied, Agencies are able to maintain a separate account structure at their transactional bank. This means:

- separate accounts at the transactional bank must 'map' to one of the three 'head office' accounts and must contain the words 'Official Departmental' or 'Official Administered' in their title; and
- balances in such separate accounts must be included in overnight sweeping and funds transfer arrangements as per the core protocols.

Notification of Account Numbers

Agencies need to notify Finance in writing of their 'head office' account numbers and any subsequent changes. They also need to notify the RBA of all their official account numbers and any subsequent changes.

source: <http://www.finance.gov.au/finframework/docs/ABFM-April-2005.pdf> (copied 6-Jan-2006) 16

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